

Service Date: February 26, 1998

DEPARTMENT OF PUBLIC SERVICE REGULATION
BEFORE THE PUBLIC SERVICE COMMISSION
OF THE STATE OF MONTANA

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IN THE MATTER OF SHELBY GAS)	UTILITY DIVISION
ASSOCIATION, Application for Approval)	DOCKET NO. D97.10.204
of Increase Rates for Gas Service)	ORDER NO. 6022a

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DEFAULT ORDER GRANTING GAS RATE INCREASE APPLICATION

FINDING OF FACT

1. On October 3, 1997, Shelby Gas Association (SGA), filed an application to increase rates for natural gas service by \$62,403. This is an increase from SGA's present revenue requirement of \$780,034 to \$842,437 which is \$61,839 below its approved revenue requirement of \$904,276. Montana Power Company (MPC) has advised SGA that MPC's wholesale gas costs will increase by seventeen cents per mmbtu on Oct. 1, 1997, and that MPC's transportation rates will increase on November 1, 1997, by \$47,125. SGA has also calculated that its operating and maintenance expenses will increase by approximately \$8,000, its interest income will decrease by \$4,500, and its margin expense will increase by \$2,778 for its Fiscal Year (FY) 98. Together these increases amount to \$62,403 in additional costs to SGA for FY 1998.

2. In Docket No. D96.8.132, Order No. 5938, the Public Service Commission (PSC or Commission) allowed SGA to reduce its rates for natural gas service on a temporary basis. This reduction was for the period commencing August 1, 1996, and ending May 31, 1997, or such other time as SGA's requested revenue requirement reduction (about \$100,000) was achieved. After such time the approved rates were to increase to the pre-reduction level,

modified by any other rate change authorized by the PSC. The reduction was accomplished by SGA reducing its monthly service charge from \$5.00/month to \$2.00/month and its commodity charge from \$4.00/Mcf to \$3.60/Mcf.

3. SGA's FY ended September 30. SGA has filed a profit and loss statement which shows a net year to date profit for FY 97 of \$54,929.18, compared to a net year to date profit for FY 96 of \$167,966.33, a reduction of \$113,007.15 due to the temporary rate decrease. SGA reached its goal of reducing revenue by approximately \$113,000 through August of 1997 due to the temporary rate decrease.

4. The tariff now submitted by SGA will generate approximately \$62,000 which will cover the increased costs expected in FY 98. The proposed tariff is approximately 6.8 percent lower than the pre-reduction rates and should still allow SGA to complete FY 98 with adequate margins.

5. On November 12, 1997, the PSC granted Interim Order No. 6022, which approved SGA's present request.

6. On December 12, 1997, the PSC issued a Notice of Opportunity For Public Hearing. A provision in that notice stated: "If no hearing is requested by December 31, 1997, no hearing will be held and an appropriate order may be issued based upon evidence submitted with the Application."

7. The PSC has received no protests or requests for hearing. Having considered the application and the supporting documentation and deeming itself fully advised in the premises, the Commission makes the following Conclusions of Law:

CONCLUSIONS OF LAW

1. Shelby Gas Association offers regulated natural gas service in the state of Montana and is a public utility under § 69-3-102, MCA. The Montana Public Service Commission properly exercises jurisdiction over the SGA's rates pursuant to Title 69, MCA.

2. The Commission has provided adequate public notice and an opportunity to be heard as required by § 69-3-303, MCA, and Title 2, Chapter 4, MCA.

3. The rates approved in this Order are just and reasonable. § 69-3-201, MCA, and § 69-3-30, MCA.

ORDER

The rates approved in Interim Order No.6022 are hereby approved on a final basis.

DONE IN OPEN SESSION at Helena, Montana, this 23rd day of February, 1998, by a vote of 5 - 0.

BY ORDER OF THE MONTANA PUBLIC SERVICE COMMISSION

DAVE FISHER, Chairman

NANCY McCAFFREE, Vice Chair

BOB ANDERSON, Commissioner

DANNY OBERG, Commissioner

BOB ROWE, Commissioner

ATTEST:

Kathlene M. Anderson
Commission Secretary

(SEAL)

NOTE: Any interested party may request that the Commission reconsider this decision. A motion to reconsider must be filed within ten (10) days. See 38.2.4806, ARM.